

## **Internal Briefing Paper: A snapshot of key trends affecting funding for peace in Europe**

### **Has the peace project lost its momentum?**

**March 2024**

#### *Executive Summary:*

Across the EU, funding for peace is being squeezed. EU Member States have been cutting development cooperation budgets, amidst budgetary strains and greater scrutiny of sending money abroad, and peace budget lines are being reduced. There are increasing trends of using aid for domestic interests, such as diverting external action budgets internally to cover in-donor refugee costs, and openly linking aid to geopolitical priorities. Peacebuilding and conflict prevention approaches are being under-funded, while money is being poured into military and defence budgets.

EU international cooperation funding has traditionally been relatively long-term and consistent, thus helping to compensate to a certain extent for gaps created by Member States' focus on short-term foreign policy interests. It has also been framed as a way to promote EU values, however language around interests has become more prevalent. Today, geopolitical priorities and an openly transactional framing are increasingly being put forward as the future of EU external action funding. The EU is seeking to use its international cooperation as a tool to compete with other actors, in a context of geopolitical rivalry, as demonstrated by the Directorate-General of International Partnerships' current focus on financing large infrastructure projects through the Global Gateway initiative. The recent mid-term revision of the EU's long-term budget, the Multiannual Financial Framework (MFF) 2021-2027, entailing de facto cuts to external action to fund migration has demonstrated that funding which has been allocated to certain priorities is at risk of being cut and re-programmed in accordance with Member State interests.

Negotiations on the next MFF post-2027 will start in 2025, and we need to be prepared. There is a real risk of the far-right gaining significant influence in the European Parliament during the 2024 European elections, and as nationalist parties garner increasing support in Member States, the political landscape is only going to get more challenging. A greater focus on domestic priorities and these shaping external action priorities is likely. The signs are pointing towards even less money available to respond to crises, especially with budgetary pressures across the EU, and a reduction in support for civil society. It is time to take stock of the current situation and ask ourselves whether our current advocacy is working, or whether we need to adjust our messaging and approach.

## *Introduction:*

The funding situation for peace is becoming increasingly challenging. According to the OECD, Development Assistance Committee (DAC) members' peace Official Development Assistance (ODA) hit a fifteen-year low in 2021.<sup>1</sup> Peace is the least-funded component of the humanitarian-development-peace nexus. Among the DAC members, Germany, the EU and the US are the largest contributors to peacebuilding funding, their contributions representing nearly 60% of 2021 total peace funding.<sup>2</sup> The concentration of this support from a few key donors – most of them based in Western Europe – renders peacebuilding funding dependent on the political ebbs and flows of the day.<sup>3</sup> With the rise of the far-right in several European countries, the Russian invasion of Ukraine, an uptick in military spending, economic pressures exacerbated by a global pandemic, and decreasing budgets allocated to development cooperation, funding for peace does not currently feature highly in the priority list of EU Member States. This also has significant ramifications on funding for peace at EU level.

This internal briefing paper for EPLO members aims to provide a snapshot of some of the key trends shaping funding for peace, based on observations by EPLO and EPLO members, complemented by desk research. The paper will focus on some select key trends (as opposed to an exhaustive overview) in various EU Member States which have historically played an important role in financing peacebuilding activities, and the ramifications that this has on EU level funding. It is intended as a resource for EPLO members when navigating the current funding environment, raising awareness about the increasingly difficult funding situation and trends at play while stimulating discussions about how the peacebuilding community can respond to the current trajectory. We will first provide a broad overview of some of the political trends and narratives shaping the current funding environment, before looking more closely at trends related to ODA and peace budget lines in Member States and at EU level and outlining some current patterns and changes in funding modalities. The briefing will conclude with a prediction of what we might expect to see in the months and years to come.

### *1. Changing context and shifting political priorities: the big picture*

The past few years have seen several crises and important developments which have had seismic reverberations on political priorities and the funding landscape in Europe. European economies were hit hard by the COVID-19 pandemic with rising inflation and the cost-of-living crisis, which was exacerbated by the Russian invasion of Ukraine in February 2022 and ensuing energy crisis, not to mention the climate crisis. Supporting **Ukraine** has become a major political priority and funding focus across the EU,<sup>4</sup> which is set to continue with the overall reconstruction costs for Ukraine estimated at 452.8 billion EUR for

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<sup>1</sup> OECD, '[Peace and Official Development Assistance](#),' October 2023, p.7.

<sup>2</sup> OECD, '[Peace and Official Development Assistance](#),' October 2023, p.8.

<sup>3</sup> OECD, '[Peace and Official Development Assistance](#),' October 2023, p.8.

<sup>4</sup> CONCORD, '[AidWatch 2023: Bursting the ODA inflation bubble](#),' 2023, p.7.

a period of 10 years.<sup>5</sup> As a result of **economic pressures**, the competition for budgetary allocation in Europe has heightened, both at Member State and EU level.<sup>6</sup>

In terms of foreign policy discourse, we are witnessing a prominent narrative of **geopolitical rivalry and competition** resulting from shifts in the global order and a 'more openly transactional approach to foreign policy and economic relations'.<sup>7</sup> Europe has been seeking to position itself as a geopolitical actor, against a backdrop of tensions between major powers, and achieve '**strategic autonomy**' whereby it reduces its dependencies on other countries.<sup>8</sup> President of the European Commission Von der Leyen announced a 'geopolitical Commission' in 2019.<sup>9</sup> This can be seen to be instigating change in Europe's international cooperation, which is said to be framed 'increasingly as mutually beneficial and linked to European interests'.<sup>10</sup> For example, the Commission's Directorate-General of Development and Cooperation (DG DEVCO) was renamed the Directorate-General of International Partnerships (DG INTPA) in 2021 and has a major focus on the Global Gateway initiative - a 300 billion EUR strategic framework on infrastructure and connectivity investment which was launched to compete with China's Belt and Road initiative and reinforce the EU's influence.<sup>11</sup>

Intrinsically linked to the aim to be more geopolitical and reach 'strategic autonomy' is the trend of **securitisation** (well underway before Russia's invasion of Ukraine) which has sped up hugely. This ambition is constantly reiterated in EU policy circles – the EU's High Representative of the Union for Foreign Affairs and Security Policy, Borrell, has repeatedly said that Europe 'must learn quickly to speak the language of power'<sup>12</sup> – and is enshrined in a number of policy documents, such as the EU's 'Strategic Compass' of 2022 which sets out the EU's ambition to be an international security provider.<sup>13</sup> A large amount of investment in military and defence spending across the EU has accompanied this. For example, the EU's 2021-2027 Multiannual Financial Framework (MFF), or long-term budget, was said to 'allocate an unprecedented amount of European public money for security and defence purposes, more than doubling its budget from one spending cycle to the next'.<sup>14</sup> Across EU Member States, we are witnessing a tremendous uptick in military expenditure with 2022 spending exceeding levels at the end of the Cold War in 1989 for the first time in Central and Western Europe.<sup>15</sup> The possibility of a second Trump presidency from 2024 may accelerate this trend even further, given that in February 2024 he made remarks inviting Russia 'to do whatever the hell they want' to NATO allies who failed to spend enough on

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<sup>5</sup> European Commission, '[Updated Ukraine Recovery and Reconstruction Needs Assessment Released](#),' February 2024.

<sup>6</sup> Veron P., Sherriff A, '[International peacebuilding financing and changing politics in Europe](#),' ECDPM, October 2022, p.1.

<sup>7</sup> Sherriff A., Veron P., '[What is driving change in Europe's international cooperation agenda? Part 1](#),' ECDPM, January 2024, p.3.

<sup>8</sup> European Parliamentary Research Service, '[On the path to 'strategic autonomy](#),' European Parliament, September 2020.

European Parliamentary Research Service, '[EU strategic autonomy 2013-2023](#),' European Parliament, July 2022.

<sup>9</sup> International Partnerships, '[Geopolitical Commission builds in International Partnerships](#),' European Commission.

<sup>10</sup> Sherriff A., Veron P., '[What is driving change in Europe's international cooperation agenda? Part 1](#),' ECDPM, January 2024, p.3.

<sup>11</sup> Counter Balance, '[EU Global Gateway still lacks substance one year after launch](#),' September 2022. European Commission, '[Global Gateway](#).'

<sup>12</sup> European External Action Service, '[Several Outlets – Europe Must Learn Quickly to Speak the Language of Power](#),' October 2020.

<sup>13</sup> European External Action Service, '[A Strategic Compass for Security and Defence](#),' 2022.

<sup>14</sup> Transnational Institute & Statewatch, '[EU security budgets: Key findings](#),' 2022.

<sup>15</sup> SIPRI, '[World military expenditure reaches new record high as European spending surges](#),' April 2023.

defence.<sup>16</sup> The increase in military and defence spending is inevitably offset by budgetary cuts elsewhere.<sup>17</sup> Indeed, during the mid-term revision of the EU's MFF 2021-2027 in February 2024, the Council cut 2.1 billion EUR from the funding programme for research and innovation (Horizon Europe), while the European Defence Fund was topped up by 1.5 billion.<sup>18</sup>

Meanwhile, the **far-right** have made substantial gains in recent years with populist parties making it into several European governments or providing key support for ruling coalitions, including Italy, Finland, and Sweden.<sup>19</sup> These parties often build their campaigns around the need to focus inwardly on domestic issues and stem **migration**, frequently seeking to cut or block foreign aid budgets.<sup>20</sup> An increasingly nationalist political landscape with the emergence of far-right governments in several EU Member States and the prospect of far-right parties gaining significant influence in the European Parliament in the 2024 elections will inevitably have implications on funding at EU level. The establishment of the EU's MFF is based on a proposal from the European Commission and requires unanimity from the Council (Member States), as well as consent from the European Parliament. Negotiations for the next MFF (post-2027) are due to start in 2025. We expect greater scrutiny of and pushback against external action budgets from the Council and the European Parliament should the far-rightward trend continue apace.

## 2. Trends relating to ODA: funding being squeezed in EU Member States

In this section, we will look more in-depth at ODA flows and the discourses surrounding them in EU Member States. The OECD reported that DAC members' ODA in 2022 surpassed previous years and that the EU Member States of Germany, Sweden and Luxembourg either reached or went over the 0.7% ODA/Gross National Income (GNI) target.<sup>21</sup> An increasing amount of ODA is being used for **humanitarian aid** to respond to crises,<sup>22</sup> and part of the surge in ODA levels is also explained by the increased support to Ukraine.<sup>23</sup> However, CONCORD's 2023 Aidwatch report found that 22.1% of EU reported ODA could not be defined as such, and instead we are seeing a large amount of '**aid inflation**'.<sup>24</sup> A major reason for the increase in reported ODA can be attributed to the use of ODA domestically to **support in-donor refugee costs**, particularly for Ukrainian refugees. According to CONCORD, 13.9 billion EUR in in-donor refugee costs was reported by the 27 EU Member States in

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<sup>16</sup> Reuters, '[NATO chief says Europe meeting spending targets after Trump comments](#),' February 2024.

<sup>17</sup> The Economist, '[Europe faces a painful adjustment to higher defence spending](#),' February 2024.

<sup>18</sup> Science Business, '[Horizon Europe budget to be cut by €2.1B, as defence research gets a €1.5B boost](#),' February 2024.

European Council, '[Special meeting of the European Council \(1 February 2024\) – Conclusions](#),' February 2024.

<sup>19</sup> Koutsokosta E., '[Why the far-right is increasingly getting into power across Europe](#),' Euronews, June 2023.

<sup>20</sup> Chadwick V., '["Radical right" populists alter aid priorities in Europe, study finds](#),' Devex, January 2022.

<sup>21</sup> OECD, '[Official Development Assistance \(ODA\) in 2022, by members of the Development Assistance Committee](#)'.

<sup>22</sup> OECD, '[Peace and Official Development Assistance](#),' October 2023, p.7.

<sup>23</sup> OECD, '[Tracing the impacts of Russia's war of aggression against Ukraine on official development assistance \(ODA\)](#),' September 2023, p.1.

<sup>24</sup> CONCORD, '[AidWatch 2023: Bursting the ODA inflation bubble](#),' 2023, p.6.

2022, and for 9 of these Member States this support represented more than 25% of the ODA they reported.<sup>25</sup>

Meanwhile, **development cooperation budgets have recently been cut** in several EU Member States. **Germany** adopted its 2024 budget in January 2024 which included around 940 million EUR in cuts for the Federal Ministry for Economic Cooperation and Development (BMZ) compared to 2023 in light of budgetary constraints, slow economic growth and a consequent austerity course.<sup>26</sup> This is part of a larger cut of 3.5 billion for development and humanitarian aid for the current legislative period, according to VENRO.<sup>27</sup> Slow economic growth and budget savings were also factors behind **France's** decision in February 2024 to cut its ODA budget by 800 million EUR.<sup>28</sup> In July 2023, France reneged on its commitment to reach the target of 0.7% ODA/GNI by 2025 by delaying it to 2030.<sup>29</sup> **Finland** declared that development cooperation funding 'will be reduced by a total of 1.030 million EUR compared to the previous budgetary framework during the government term' in January 2024, and stopped funding to programmes in four countries.<sup>30</sup> In 2023, the Finnish government announced that it would 'not give development aid to governments or entities that support Russia's aggression against Ukraine,'<sup>31</sup> demonstrating a geopolitical turn. They are looking more at the linkages between trade and development,<sup>32</sup> which is a trend found elsewhere, such as Sweden.<sup>33</sup> **Sweden** revoked its target of 1% of ODA/GNI in 2023,<sup>34</sup> while in 2022 it withheld 1 billion EUR in development funding to cover the costs of hosting Ukrainian refugees in Sweden.<sup>35</sup> In December 2023, it announced that it would condition aid on cooperation over migrant repatriation.<sup>36</sup> The **Netherlands** had announced 3.4 billion in cuts to development cooperation back in April 2023 to finance the hosting of refugees.<sup>37</sup> Since the dissolution of the Dutch government in July 2023 and the holding of elections in November 2023, the future funding situation remains unclear.

These cases are just some recent examples from across Europe. While each context is different, it is clear from the scope of the cuts that **development budgets are not being prioritised** among other competing funding priorities. The economic situation in Europe is not set for a drastic improvement in the coming years, and competition over budgetary allocations will likely continue. **Migration** remains a key

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<sup>25</sup> CONCORD, '[AidWatch 2023: Bursting the ODA inflation bubble](#),' 2023, p.13.

<sup>26</sup> VENRO, '[2024 budget](#),' January 2024.

<sup>27</sup> VENRO, '[2024 budget](#),' January 2024.

<sup>28</sup> Rfi, '[French NGOs angry over drastic cuts to overseas aid budget](#),' February 2024.

<sup>29</sup> Lowery T., '[France just majorly backtracked on its promises to the Global South. What to know and how to help](#),' Global Citizen, February 2024.

<sup>30</sup> Finnish Government, '[Austerity measures in development cooperation are specified](#),' January 2024. Helsinki Times, '[Finnish government confirms over €1bn cuts in development co-operation](#),' January 2024.

<sup>31</sup> Finnish Government, '[Foreign Ministry's draft budget for 2024 focuses on support for Ukraine and Finland's NATO membership](#),' September 2023.

<sup>32</sup> CONCORD, '[AidWatch 2023: Bursting the ODA inflation bubble](#),' 2023, p.44.

<sup>33</sup> CONCORD, '[AidWatch 2023: Bursting the ODA inflation bubble](#),' 2023, p.60.

<sup>34</sup> Hivert A-F., '[Sweden lowers its targets for development aid](#),' Le Monde, March 2023..

<sup>35</sup> CONCORD, '[AidWatch 2023: Bursting the ODA inflation bubble](#),' 2023, p.60.

<sup>36</sup> Szumski C., '[Sweden to condition foreign aid on expulsion cooperation](#),' Euractiv, December 2023.

<sup>37</sup> CONCORD, '[AidWatch 2023: Bursting the ODA inflation bubble](#),' 2023, p.54.

priority, as demonstrated by the use of external aid budgets domestically to support the reception of asylum seekers. More broadly, as noted previously, there appears to be a growing trend of openly linking aid budgets to **self-interest**, including political leverage, security and commercial interests,<sup>38</sup> such as Finland and Sweden expressing their aim to link development and trade more closely.

As mentioned in the introduction, a large proportion of **global peacebuilding funding** is allocated by a handful of donors. The main donors funding peace activities in 2021 were Germany, the US and the EU institutions, while Sweden, Denmark and the Netherlands proportionally provided the highest percentage of their development funding for peace ODA among DAC members.<sup>39</sup> The development budget cuts outlined above have had a significant impact on the funding streams for peacebuilding and conflict prevention, as well as cross-cutting issues such as gender and climate. For example, in **Germany**, the 2024 budget sets out a cut of almost 30% to the budget lines related to conflict prevention, stabilisation and peacebuilding.<sup>40</sup> **Sweden's** 2023 budget cut its peacebuilding funds by nearly 40%, which had a major impact on several EPLO members.<sup>41</sup> In 2023, it was reported that the Swedish Agency for Peace, Security and Development, Folke Bernadotte Academy (FBA), was stopping support to civil society organisations.<sup>42</sup>

### 3. *Ramifications at EU level*

**These trends are also being reflected at EU level**, and the EU will not be compensating for the reduced EU Member State funding. The main EU source for peacebuilding funding is through the **Neighbourhood Development and International Cooperation Instrument – Global Europe (NDICI-GE)**. The largest component of this instrument is the geographic pillar (76% of the total NDICI-GE budget), which includes 'peace, stability and conflict prevention' as one of the areas of cooperation. There is a much smaller thematic pillar (8% of the total NDICI-GE budget) with a specific programme on Peace, Stability and Conflict Prevention which is divided into 'conflict prevention, peacebuilding and crisis preparedness' (29%) and 'global and trans-regional threats and emerging threats' (69%). In addition, there is a rapid response actions pillar (5% of the total NDICI-GE budget) which is used to contribute to peace, stability and conflict prevention in urgent situations. During the Civil Society Dialogue Network (CSDN) Funding Instruments Meeting in September 2023, civil society organisations noted that the integration of peace in the geographic programmes needed to be improved.<sup>43</sup>

The Commission's DG INTPA leads on the geographic programming and their current focus is on big infrastructure projects under the **Global Gateway** initiative, mobilising investment and creating

<sup>38</sup> Sherrif A., Veron P., '[What is driving change in Europe's international cooperation agenda? Part 1](#),' ECDPM, January 2024, p.3.

<sup>39</sup> OECD, '[Peace and Official Development Assistance](#),' October 2023, p.18.

<sup>40</sup> VENRO, '[2024 budget](#),' January 2024.

<sup>41</sup> Worley W., '[Sweden cutting peacebuilding budget by 40%](#),' January 2023.

<sup>42</sup> Sorman K., '[Aid : FBA stops aid to civil society](#),' (translated from Swedish), Global Bar Magazine, August 2023. Development Sweden, '[Sweden's ODA focus 2024 is presented in a letter of appropriation](#),' January 2024.

<sup>43</sup> EPLO, '[Meeting Summary – Informal consultation on the mid-term review of the Multiannual Indicative Programme 2021-2027](#),' September 2023.

opportunities for the EU's private sector.<sup>44</sup> This is marketed as an attempt to be strategic and participate in the global 'battle of offers',<sup>45</sup> while securing **the EU's geopolitical and economic interests**. At the same time, we have heard from inside the EU that other areas in international cooperation are being deprioritised, while there are concerns among civil society that they are not sufficiently investing in conflict-affected and fragile contexts. The focus on Global Gateway inevitably means less funding for everything else, including peace. Indeed, the implementation report of the NDICI-GE from the European Parliament in November 2023 showed that for the period 2025-2027, 750 million EUR of the emerging challenges and priorities cushion had been planned for the Global Gateway.<sup>46</sup> The cushion was designed as a flexible pot of money to respond to unforeseen needs and at the mid-point of the NDICI-GE around 80% of the cushion's funds had already been used or earmarked.<sup>47</sup> Very little money remains in the cushion to be able to respond to any future crises.

Another concerning recent development has been the mid-term revision of the MFF 2021-2027. The European Council agreed on a reinforcement of 7.6 billion EUR for Heading 6: Neighbourhood and the World to be used for **migration priorities**. However, in practice, only 3.1 billion of this 'top-up' is made up of fresh funds, whereas the remaining 4.5 billion EUR consists of 'decommitted funds' (de facto cuts) from other external action programmes: 2 billion from the NDICI-GE, 0.6 billion from the Instrument for Pre-accession Assistance (IPA) and 1.9 billion from the cushion of the NDICI-GE, which had previously been earmarked for Ukraine and released due to the establishment of a separate Ukraine Facility.<sup>48</sup> This was in contradiction with the proposals from the European Commission and the European Parliament for the revision, which were quite aligned with civil society positions. These de facto cuts are particularly worrying as they set a precedent of the EU moving previously-committed funds to fulfil the **short-term interest of the moment**, demonstrating that funding streams are not sufficiently protected.<sup>49</sup> It is not yet known where the cuts to the NDICI-GE under the MFF mid-term revision will fall, but the fact that there is less money going forwards is cause for concern. This revision gives an indication of the direction we might expect from the negotiations for the next MFF, and the importance of engaging early on with Member States.

#### *4. Trends in funding modalities relevant to peacebuilding organisations*

Beyond the overall allocations and framing of development aid and funding for peace, we have also observed trends in funding modalities. A long-term trend has been the **continued decrease in the availability of core funding**. Core funding – as opposed to project funding – is important as it allows the

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<sup>44</sup> European Commission, '[Global Gateway](#).'

<sup>45</sup> European External Action Service, '[Global Gateway, EU's proposal in the global "battle of offers"](#),' October 2023.

<sup>46</sup> European Parliament, '[REPORT on the implementation of the Neighbourhood, Development and International Cooperation Instrument – Global Europe](#),' November 2023.

<sup>47</sup> European Commission, '[Communication from the Commission to the European Parliament, the European Council, the Council, the European Economic and Social Committee and the Committee of the Regions: Mid-term Revision of the Multiannual Financial Framework 2021-2027](#),' June 2023.

<sup>48</sup> European Council, '[Special meeting of the European Council \(1 February 2024\) – Conclusions](#),' February 2024.

<sup>49</sup> Joint statement, '[Wrong at all levels: Civil Society Response to the December 15 MFF Negotiating box](#),' January 2024.

organisation to cover their administrative costs and determine how best to use the funds themselves. The vast majority of core funding is provided by Germany, the Netherlands, Sweden, Belgium and Ireland.<sup>50</sup> According to CONCORD, the amount of core funding provided to CSOs by EU donors dropped from 1.6 billion in 2019 to 1.5 billion EUR in 2021.<sup>51</sup>

More widely, there are concerns that there are less funds available for NGOs.<sup>52</sup> An increasing amount of funding is **channeled through the UN** and other international cooperation agencies. In 2022, ECDPM noted in a report that they had estimated that 'more than half of peacebuilding ODA goes through multilateral organisations and the public sector.'<sup>53</sup> According to the evaluation report of EU cooperation with the UN in external action 2014-2020, 12.5 billion EUR in external action funding (excluding humanitarian aid) went through the UN across that time period, with the annual contribution more than doubling from 2014 to 2020.<sup>54</sup> CONCORD found that nearly 60% of funding under the EU's NDICI-GE geographic programmes goes through 'pillar-assessed entities', which means through international cooperation agencies such as the UN and Member State agencies, and there is not enough data available to ascertain how much of this is sub-granted to CSOs.<sup>55</sup> This can also lead to large proportions of EU funding being used to cover these entities' administrative costs. For example, the European Court of Auditors found in 2023 that around a third (500 million EUR) of the EU funding to the 'Spotlight Initiative' for combatting sexual and gender-based violence in partner countries went to the UN for management costs.<sup>56</sup>

Linked to this, we are seeing the wide use of **framework contracts** at EU level - which are large contracts drawn up between the European Commission and consortia - with significant levels of funding being awarded to **private contractors**.<sup>57</sup> There is a preference to set up large tenders, thus saving on human resources from the EU side. Devex investigated a framework contract entitled 'Services for Implementation of External Aid' from DG INTPA awarded between 2018 and 2021. By February 2023, 362.6 million EUR had been disbursed, and out of this 172.2 million had been awarded to just 10 contractors, all of whom were development consulting firms.<sup>58</sup>

Finally, there have been discussions around the **funding of local organisations** both at Member State and EU level, however concrete change remains scarce. The EU remains a very risk-averse donor with stringent contractual obligations. Even if there is interest in funding local organisations, they are unwilling to explore different modalities which would encourage a shift. The EU is said to often argue that it is more

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<sup>50</sup> CONCORD, '[AidWatch 2023: Bursting the ODA inflation bubble](#),' 2023, p.31.

<sup>51</sup> CONCORD, '[AidWatch 2023: Bursting the ODA inflation bubble](#),' 2023, p.31.

<sup>52</sup> Veron P., Sherriff A, '[International peacebuilding financing and changing politics in Europe](#),' ECDPM, October 2022, p.5.

<sup>53</sup> Veron P., Sherriff A, '[International peacebuilding financing and changing politics in Europe](#),' ECDPM, October 2022, p.5.

<sup>54</sup> European Commission, '[Evaluation of the EU cooperation with the United Nations in External Action \(2014-2020\)](#),' December 2023, p.7.

<sup>55</sup> CONCORD, '[Who holds the lion's share? A closer look at Global Europe Funds for CSOs](#),' October 2023, p.4 & 21.

<sup>56</sup> European Court of Auditors, '[EU flagship programme to end violence against women shows limited impact so far](#),' September 2023.

<sup>57</sup> Ainsworth D., '[What we know so far about the European aid framework contract](#),' Devex, February 2023.

<sup>58</sup> Tamonan M. A., '[European framework contracts: Who won the most business](#),' Devex, February 2023.

cost-effective to disburse large grants through intermediaries given capacity shortages in EU delegations.<sup>59</sup> In a CONCORD report on NDICI-GE funding for CSOs, some EU interviewees noted that EU delegations appeared to be looking into ways to ‘use sub-granting through local CSOs as a modality to reach smaller and grassroots organisations with very small grants.’<sup>60</sup> Meanwhile, for the Thematic Programme on Peace, Stability and Conflict Prevention under the NDICI-GE, the Annual Action Programme for 2022 had a sub-priority on locally-led peacebuilding aimed at exploring systems of small grants, preferably managed by national NGOs (not international ones).<sup>61</sup> However more broadly, in an article published in July 2023, Devex investigated key European donors (Germany, the UK, France, the EU, Sweden, Denmark and Norway) with regards to their commitments to localisation, finding that the focus for most is on humanitarian funding and the commitments under the ‘Grand Bargain’, whereas none of the donors they looked into had localisation targets for development budgets.<sup>62</sup> Indeed on the humanitarian side, the European Commission’s Directorate-General of Civil Protection and Humanitarian Aid Operations (DG ECHO) published a guidance note on promoting equitable partnerships in March 2023.<sup>63</sup>

#### 5. *What we may expect to see going forwards*

The above presents a rather dire picture of the current funding landscape. While we cannot predict with any certainty what the next months and years may look like, the following are things that we might expect based on current trends.

We are heading towards **an increasingly challenging political landscape** in EU Member States, focusing inwardly on domestic interests, which will have significant implications at EU level. External action budgets are likely to face greater levels of scrutiny than before. As traditional allies change their positioning due to political trends, we will need to explore partnerships and engagement with other, diverse actors. With the 2024 European elections, we need to prepare for a potentially more hostile European Parliament and be ready to engage with new MEPs who may be open to our messages early on. This is a need to make **peace political** and push for it to move up the agenda, particularly in the new European Commission.

All indications are pointing towards **less money available to respond to crises**, thus also reducing the ability to react in a timely and flexible manner. At EU level, there is very little money and flexibility left until the end of the current MFF in 2027, and the negotiations for the mid-term revision have given us a sense of what we might expect for the next one. Funding that has been allocated for certain priorities may no

<sup>59</sup> CONCORD, [‘Who holds the lion’s share? A closer look at Global Europe Funds for CSOs,’](#) October 2023, p.19.

<sup>60</sup> CONCORD, [‘Who holds the lion’s share? A closer look at Global Europe Funds for CSOs,’](#) October 2023, p.19.

<sup>61</sup> European Commission, [‘Annual Action Programme 2022 for the Conflict prevention, peacebuilding and crisis preparedness part of the Peace, Stability and Conflict Prevention Thematic Programme Annex I: Action Document for the Support to in-country civil society actors in conflict prevention, peacebuilding and crisis preparedness.’](#)

<sup>62</sup> Abrahams J., [‘Are European donors falling behind the US on localization,’](#) July 2023.

<sup>63</sup> European Commission, [‘Promoting Equitable Partnerships with Local Responders in Humanitarian Settings: DG ECHO guidance note,’](#) March 2023.

longer be as secure, given the precedents being set where **funding is being cut and re-programmed** according to short-term interests. We need to think about how to ensure funding streams are better protected, going forwards. Negotiations are due to start in 2025 on the next MFF and we need to be ready.

It is likely that we will see even less framing of external action in terms of EU values, as **geopolitical priorities dominate and an openly transactional approach** is put forward. Being strategic, pragmatic and competitive are the adjectives of the day, as opposed to the ambition of the EU as a global peace actor promoting its values abroad. Investment in fragile and conflict-affected countries is likely to decrease, as the interest-driven agenda seeks short-term outcomes.

We can also expect more **private sector investment** and the involvement of private sector actors in ODA, paired with larger amounts of money being put out to tender, and the **reduction of funding** for civil society. There will be a push to 'do more with less,' and it will be important to focus on impact and effectiveness in our advocacy. We should also look at strengthening alliances across the humanitarian-development-peace nexus, as civil society actors broadly will be feeling the squeeze and ensure we are using the size of our network (50+ members) to our best advantage.